

Message Text

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PAGE 01 PEKING 01073 190006Z

11

ACTION COME-00

INFO OCT-01 EUR-25 EA-11 ISO-00 NSCE-00 SS-15 MC-02 AEC-11

CIAE-00 INR-10 NSAE-00 RSC-01 EB-11 TRSE-00 OMB-01

DODE-00 NSC-10 DRC-01 /099 W
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R 180545Z SEP 73

FM USLO PEKING

TO SECSTATE WASHDC 727

INFO AMCONSUL HONG KONG

AMEMBASSY PARIS

C O N F I D E N T I A L PEKING 1073

PARIS ALSO FOR OECD

E.O. 11652: GDS

TAGS: ETRD, ETRN, ESTC, CH

SUBJECT: INTEREST IN HELICOPTER SALES TO PRC

REF: STATE 183448

FOR COMMERCE

1. USLO HAS CONSIDERED POSSIBILITY OF MAKING PRESENTATION TO MACHIMPEX ON BEHALF OF US HELICOPTER SUPPLIERS, BUT IS INCLINED TO BELIEVE IT MIGHT BE BETTER AT THIS POINT ONLY TO ENCOURAGE US FIRMS TO MOVE AHEAD ON THEIR OWN.

2. MAIN CONSIDERATION IS EXPORT CONTROL. IN ANY PRESENTATION WE WOULD HAVE TO DISCUSS END-USE REQUIREMENTS, AND SINCE WE COULD NOT AT LEAST AT THIS STAGE INDICATE ANY FLEXIBILITY IN US POSITION, OUR EFFORTS MIGHT BE COUNTER-PRODUCTIVE AND COULD DISCOURAGE MACHIMPEX FROM EXPLORING HELICOPTERS WITH US SUPPLIERS. MOREOVER, PARA 4 REFTTEL SUGGESTS THAT SOME HELICOPTERS AND ASSOCIATED EQUIPMENT MAY NOT BE LICENSED EVEN IF PRC PROVIDES REQUIRED END-USE INFORMATION. UNLESS DEPARTMENT AND COMMERCE FEEL THERE
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PAGE 02 PEKING 01073 190006Z

IS A WAY FOR USLO TO ADDRESS EXPORT CONTROL ISSUE WITHOUT

PREJUDICING TRADE PROMOTIONAL OBJECTIVES, WE THINK IT MAY BE BETTER FOR AMERICAN SUPPLIERS TO DEAL DIRECTLY WITH THE PRC WITHOUT THE INTERVENTION OF THE USG.

3. IN THIS REGARD, BOTH BOEING AND UNITED AIRCRAFT (UA) HAVE ESTABLISHED BUSINESS RELATIONSHIPS WITH PRC WHICH SHOULD ALLOW THEM AMPLE MEANS OF DIRECT COMMUNICATION ON ANY SUBJECT. MACHIMPEX IS ALREADY WELL AWARE OF UA'S DESIRE TO SELL SIKORSKY HELICOPTERS AND WILL EVENTUALLY INVITE A UA TEAM TO PEKING IF IT IS INTERESTED IN SIKORSKYS. MOREOVER, BY APPROACHING BOEING AND BELL, THE PRC HAS DEMONSTRATED THAT IT WILL MOVE AHEAD ON INVESTIGATING US HELICOPTERS ON ITS OWN. WE ARE NOT CONVINCED THAT USLO REPRESENTATIONS ON BEHALF OF US SUPPLIERS CAN INFLUENCE THE MATTER ONE WAY OR THE OTHER AT THIS TIME.

4. USLO WOULD APPRECIATE VIEWS OF STATE AND COMMERCE. IF A PRESENTATION TO MACHIMPEX IS DESIRED, WE WILL NEED MORE GUIDANCE ON EXPORT CONTROL ASPECTS OF CASE. ALSO, WE WOULD NOT WANT TO LIMIT OUR PRESENTATION TO BOEING AND UA, AND HENCE WOULD NEED INFORMATION ON BELL AND OTHER US FIRMS PRODUCING CIVILIAN-USE HELICOPTERS WHICH ARE COMPETITIVE WITH FRENCH SUPER-FRELONS.

5. CONCERNING QUESTION OF CIVIL USE OF HELICOPTERS (PARA 5, REFTEL) USLO HAS LITTLE INFORMATION TO OFFER. WE RECALL SEEING ARTICLES IN NCNA SOME YEARS AGO ABOUT USE OF HELICOPTERS FOR AGRICULTURAL PURPOSES SUCH AS CROP SPRAYING BUT HAVE SEEN NONE RECENTLY. A USLO OFFICER DID SEE A BUBBLE TYPE HELICOPTER AT CHENGCHOW OR SIAN AIRPORT LAST MONTH BUT COULD MAKE NO FURTHER IDENTIFICATION. UNDER PAST TWO SINO-SOVIET TRADE AGREEMENTS, THE PRC HAS PURCHASED TRANSPORT TYPE HELICOPTERS FROM THE USSR.

6. WE HAVE RECEIVED PETERS' LETTER, BUT FOR THE MOMENT ARE DEFERRING A REPLY PENDING RECEIPT OF A RESPONSE TO THIS CABLE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HELICOPTERS, AIRCRAFT SALES, END USE CHECKS
Control Number: n/a
Copy: SINGLE
Draft Date: 18 SEP 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PEKING01073
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS BRUCE
Errors: N/A
Film Number: n/a
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730927/aaaaattx.tel
Line Count: 97
Locator: TEXT ON-LINE
Office: ACTION COME
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: STATE 183448
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24-Jul-2001 by shawdg>; APPROVED <19 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTEREST IN HELICOPTER SALES TO PRC
TAGS: ETRD, ETRN, ESTC, CH, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005